

# Realty Trust Review

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## INVESTMENT OUTLOOK AND STATISTICAL ISSUE

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### INVESTMENT STRATEGY: AS ECONOMY PICKS UP, SEARCH FOR UNDERVALUED ASSETS INTENSIFIES

The economy is strengthening slowly, renewing fears about inflation, making the identification of investments suitable as inflation hedges again come to the forefront. At the same time, the protracted stock market rally plus the possibility of a Carter re-election which would touch off a broad-based downturn poses the problem of selecting stocks that would be at least relatively proof from a slide in market values.

With this in mind, we have recently been highlighting stocks that have a low value relative to the market. In our last issue, we discussed listed stocks selling between \$5 and \$10; in this issue we focus on two different groups which with unrealized values. On page 7 is a list of all trusts which provide some valuation of current market value of their assets, which we compare to historic book value and current stock

price. We also examine some recovery situations which the market has not caught up to.

Referring first to the list of trusts making current value estimates, some caveats are in order. Most important, the basis for the estimation differs from trust to trust. Some are the result of independent appraisers' valuation, others result from management estimation, from inflation of historic book on constant dollar terms, from valuation as part of a reorganization, or from a plan of liquidation.

The variation in stock prices relative to market value reflects this, among other considerations. Thus American Realty's \$20 estimation seems to be viewed with a generous pinch of salt by the market, for example. Date of the valuation also presents a problem. As real estate values continue to climb, valuations quickly become only another historic measure of value. Growth Realty,

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## PORTFOLIO GROUPS OF NO. 1 RANKED STOCKS

Trust	-Ranked Date	No.1- Price	Recent Price	Ann.% Chng.	% Yield
<u>High income property trusts (5)</u>					
Amer. Equ.	12/7/79	\$10.13	\$16.38	+73.2%	7.3%
Hotel Inv.	2/9/79	17.88	28.75	+32.1	9.0
MassMut.M.	9/8/78	14.88	14.25	- 2.0	11.2
Mtg. Grow.	9/8/78	7.63	12.88	+27.9	8.7
Pacif.-So.	9/8/78	8.38	7.75	- 3.6	17.2
Group average..				+25.5%	10.7%

<u>Income plus long-term growth (12)</u>					
CleveTrst.	5/25/79	6.50	12.63	+59.8	2.2%
ConnGen..	11/11/77	19.88	29.38	+13.7	7.5
Federal R	12/8/78	16.50	20.00	+10.8	8.6
First Un.	3/23/79	12.25	23.38	+52.1	5.8
Fla. Gulf.	12/8/78	12.50	18.25	+22.4	7.7
Gen.Grow.	11/21/79	20.38A	23.13A	+14.8	1.7
GREIT RL.	7/11/80	10.75	12.00	+45.8	3.3
Hosp. Mtg.	2/9/79	9.75	14.00	+23.6	4.3
ICM Rlty.	12/21/79	14.25	19.13	+42.4	7.3
IRT Prop.	10/10/80	12.38	13.25	+10.4	8.3
PennREIT.	12/28/78	15.00	25.25	+32.9	7.5
Prop.Cap.	12/21/79	14.88	24.50	+81.9	6.5
Group averages.				+36.4%	5.7%

ALL INCOME TRUSTS \*33.0% 7.2%

\*Excludes annualized price change for IRT Prop.

Trust	-Ranked Date	No.1- Price	Recent Price	Ann.% Chng.	% Yield
<u>Speculative recovery, low yield (11)</u>					
CompassIn.	4/13/79	1.50	1.63	+ 5.5%	--
Eastover..	4/13/79	9.00	15.50	+42.3	--
FGI Invst.	4/13/79	4.50	6.00	+20.5	--
Maryland.	4/13/79	3.75	2.38	-25.5	--
MissionIn.	12/7/79	6.50	5.75	-13.1	--
Moraga Cp.	1/12/79	3.00	9.00	+84.6	--
Mtg.Tr.A.	11/10/78	5.88	10.50	+34.5	--
Parkway..	10/12/79	5.75	8.13	+39.4	--
Security.	1/26/79	3.50	4.00	+ 7.9	--
TIERCO...	10/26/79	3.75	4.75	+26.7	--
WalterRl.	12/7/79	5.13	6.75	+36.8	--
Group averages.				+23.6%	--

# Compound annual rate of change since selection. A-Adjusted for \$15 div. 5/80.

Relative Performance of a portfolio of No.1-Ranked stocks, making all suggested changes, compared to major indexes since Jan. 1 is:  
Income REITs.. +29.9% Dow-Jones Ind.+13.8%  
Recovery REITs +27.7% S&P 400 Ind...+24.2%

which we reviewed last issue, is a good example of this.

Independent appraisers affirmed a current market value of shareholders' equity of \$13.66/share at the end of fiscal 1979, ended in June. During fiscal 1980, the trust realized \$1.45/share of appreciation, yet at year-end, a new appraisal put the market value of remaining assets at \$14.36/share. On the other hand, Property Capital provided an estimation at July, 1979, and the share price rose over the year to that level. Now the trust feels that its share price is reasonable and declines to provide a new valuation.

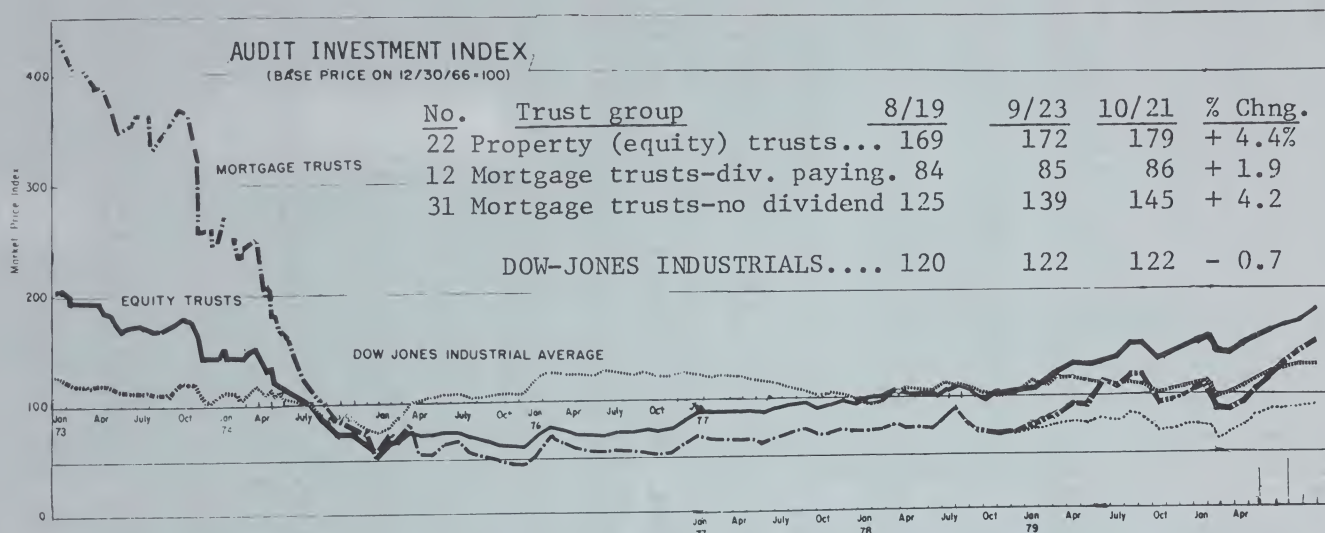
A third warning is that, as ever, share prices can always be expected to be at a discount from market value of assets, reflecting both the illiquidity of the real estate assets relative to

the shares, and the cost of money. Good examples here are Denver REIA and Virginia REIT, both of which have asset purchase proposals pending, yet trade at a discount to proposed purchase price.

Four of the stocks included in the list have No. 1 rankings: Connecticut General Mortgage and Realty, First Union Real Estate, Property Capital, and TIERCO. The prices on two of these--Conn. Gen. and First Union--represent new highs; Property Capital is about at the level of its high. TIERCO, at a substantial discount from book value, remains an attractive purchase for its liquidity and ownership of Alaska land. A fifth trust is a former No. 1, Franklin Realty, which we recommended at \$10 $\frac{1}{4}$  and changed to a No. 2, strong hold, at its current price.

We are boosting the rankings of two  
(Cont'd on p. 7)





### Summary of Comparative Trust Group Averages for the Month

GROUP	QUAL	NON-QUAL	TOTAL	SHARE (000)	BOOK VALUE	ANN DIV	EARN ANN	LAST PRICE	-% CHNG MON AGO	FROM-- JAN 1	P/E RATIO	ANN YIELD	% PR TO BK	RETURN ON BK	MARKET VALUE
PROPERTY--LARGE	23	0	23	2057	16.42	1.27	2.37	19.64	4.6	22.1	8.3	6.5	19.6	14.4	938.2
-SMALL	10	0	10	1098	13.91	1.63	1.72	17.53	10.6	28.3	10.2	9.3	26.0	12.4	228.2
-SUBOR LAND	3	0	3	1862	17.10	1.75	3.68	21.54	5.0	31.5	5.9	8.1	26.0	21.5	118.9
AVERAGE 3 PROP GROUPS			36	1774	15.77	1.40	2.29	19.20	6.1	24.5	8.4	7.3	21.7	14.6	1285.3
PROP & MTG COMBINATION	12	10	22	2400	11.64	0.89	1.00	13.06	4.8	41.4	13.0	6.8	12.2	8.6	836.5
SHORT-TERM MTG	11	0	11	2402	17.70	1.17	1.84	13.81	1.7	9.7	7.5	8.5	-22.0	10.4	399.2
LONG-TERM MTG/PROP	8	0	8	3945	15.14	1.23	1.07	10.52	2.3	12.9	9.8	11.7	-30.5	7.1	338.0
MTG/FCLSD PROP--MISC	2	5	7	4392	5.03	0.00	0.66	4.71	0.0	38.2	7.1	0.0	-6.3	13.2	140.8
-BANK	0	10	10	2114	6.08	0.03	0.56	6.57	3.8	51.8	11.6	0.4	8.0	9.3	134.5
-INDEPEND	0	45	45	4278	4.67	0.00	0.69	4.15	3.7	26.0	6.0	0.1	-11.2	14.9	526.3
AVERAGE 3 MTG/FCLSD PROP			62	3941	4.93	0.00	0.67	4.60	3.2	32.5	6.9	0.1	-6.9	13.6	801.6
OVERALL AVERAGE	69	70	139	3014	10.40	0.67	1.26	10.79	4.6	26.4	8.6	6.2	3.7	12.1	3660.6
DOW-JONES INDUSTRIALS								116.40	954.44	-0.8	13.8	8.2	5.6		

### Profile of Realty Trust Balance Sheets at Latest Report

No.	---Invested Assets---		% Non- & Low-earn.	% Change in Month	Loss Reserve	Foreclosed Property	All Debt	Share-holders Equity	Depreciation	Taxloss Carry-forward
	Total	Non/Low-Earn.								
PROPERTY.....	36	\$ 1,994M	\$ 43M	2%	+2.8%	\$ 13M	\$ 18M	\$ 1,281M	\$ 716M	\$ 291M
PROPERTY & MTG.....	22	1,838	252	14	0.0	35	52	1,237	597	145
SHORT/TERM MTG.....	11	1,028	119	12	+0.3	27	94	511	510	6
L/T MTG/PROPERTY.....	8	960	73	8	0.0	10	52	494	471	6
MTG/FORECLOSED PROP.	62	3,231	1,817	56	-0.3	400	1,236	2,005	766	77
TOTALS/AVERAGES....	139	\$ 9,051M	\$ 2,304M*	25%	-0.2%	\$ 485M	\$ 1,453M	\$ 5,528M	\$ 3,060M	\$ 525M
										\$ 2,042M

\* Includes \$629M or 6.9% low-earning assets.

M=Million.

RELATIVE APPEAL	EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV	-EARNINGS-- MON ANN	LAST PRICE	% CHANGE MON AGO	FROM- JAN 1	P/E RATIO	ANN YIELD	% PR TO BK	RETURN ON BK	MKT VA (MIL\$)		
PROPERTY TRUSTS-OVER \$25M ASSETS															
1	AM EQUITY INV #	OC-AEQTS	2497	11.48	1.20↓	JUN	2.57	16.38 X	1.7	45.6	6.4	7.3	42.7	22.4	40.9
3	COMMONWLT RLT#	OC-CRTYC	1384	9.81	0.40	MAY	0.72	12.00	-2.0	41.2	16.7	3.3	22.3	7.3	16.6
3	CONSOL CAP RLY#	OC-CCPLS	1989	27.52	2.64→	MAY	4.78	34.00 X	-2.2	17.2	7.1	7.8	23.5	17.4	67.6
2	DENVER REI ASN#	OC-DENVUS	1101	18.14	1.40	JUN	1.90	33.63	4.3	54.6	17.7	4.2	85.4	10.5	37.0
1	FEDERAL REALTY#	AS-FRT	1434	14.40	1.72	JUN	1.45	20.00	10.3	33.3	13.8	8.6	38.9	10.1	28.7
1	FIRST UNION RE#	NY-FUR	5580	17.24	1.36	JUN	2.33	23.38 X	12.3	52.0	10.0	5.8	35.6	13.5	130.5
2	FLATLEY RL INV#	OC-FLTLS	1000	10.42	0.30	JUN	0.66↓	7.50	-1.7	42.9	11.4	4.0	-28.0	6.3	7.5
1	FLORIDA GLF RL#	OC-FGLFS	997	21.04	1.40	JUL	1.65↓	18.25	2.8	19.7	11.1	7.7	-13.3	7.8	18.2
1	GENERAL GROWTH#	NY-GGP	6202	6.96	0.40	JUN	13.03	23.13	23.4	-39.5	1.8	1.7	232.3	187.2	143.5
2	GOULD INVESTOR#	AS-GTR	1173	20.97	1.36	JUN	3.05	14.75	-5.6	5.4	4.8	9.2	-29.7	14.5	17.3
1	GREIT REALTY	AS-GRT	998	11.14	0.40	JUL	0.19	12.00 X	3.0	29.7	63.2	3.3	7.7	1.7	12.0
2	HUBBARD REI	NY-HRE	4004	25.40	1.88	JUL	2.24	17.50	-0.7	8.5	7.8	10.7	-31.1	8.8	70.1
NR	INTL INC PROP #	OC-IIPI	1865	9.69	0.67	JUN	0.84	9.75	-7.1	-4.9	11.6	6.9	0.6	8.7	18.2
2	NEW PLAN RL TR#	AS-NPR	3304	6.53	0.96	APR	0.92	12.25 X	4.9	34.2	13.3	7.8	87.6	14.1	40.4
2	PACIFIC RLT TR#	AS-PTR	845	24.30	1.40	AUG	2.94↑	27.75	-0.5	24.0	9.4	5.0	14.2	12.1	23.4
1	PENN REIT #	AS-PEI	1561	29.76	1.90	MAY	2.91	25.25	-5.6	6.9	8.7	7.5	-15.2	9.8	39.4
2	REIT OF AMERICA	AS-REI	1633	22.59	2.20	AUG	2.27	28.13 X	3.4	32.4	12.4	7.8	24.5	10.0	45.9
2N	RIVIERE REALTY#	PH-RRT	783	11.60	0.00	JUN	-1.61	5.38	2.5	-6.4	0.0	0.0	-53.6	-13.9	4.2
2	SAN FRAN RE IN#	AS-SFI	1407	22.93	1.76	JUN	1.85	27.75	-2.6	18.1	15.0	6.3	21.0	8.1	39.0
NR	UNIVERSITY REI#	OC-URETS	2514	9.05	1.32	MAR	1.04	13.50 X	26.6	50.0	13.0	9.8	49.2	11.5	33.9
NR	USP RE EST INV#	OC-USPTS	2500	9.42	0.81	JUN	1.08	8.25	1.5	17.9	7.6	9.8	-12.4	11.5	20.6
2	VIRGINIA REIT #	OC-VARES	1019	14.96	1.00	JUN	1.03	19.88	2.6	80.7	19.3	5.0	32.9	6.9	20.3
2	WASH RE (WRIT)#	AS-WRE	1526	22.31	2.72	JUN	6.65	41.25	9.6	48.0	6.2	6.6	84.9	29.8	62.9
GROUP AVERAGE			2057	16.42	1.27		2.37	19.64	4.6	22.1	8.3	6.5	19.6	14.4	938.2
PROPERTY TRUSTS-SPECIALITY PROPS & UNDER \$25M ASSETS															
NR	GENERAL RE SHS#	OC-GRELS	557	15.77	2.00	JUN	1.90	13.00	13.0	18.2	6.8	15.4	-17.6	12.0	7.2
2	MILLER(HS) TRST	OC-HSMTS	560	18.86	1.80	AUG	1.56	23.00 X	17.3	29.6	14.7	7.8	22.0	8.3	12.9
NR	OLD DOMINION #	OC-ODRES	704	9.11	0.60	JUN	1.31	7.75 X	3.5	21.5	5.9	7.7	-14.9	14.4	5.5
NR	PITTS & W VA RR	AS-PW	1510	23.30	0.56	JUN	0.86	5.75	-2.2	12.1	6.7	9.7	-75.3	3.7	8.7
NR	RL EST INV PRP#	OC-REIPS	959	8.72	1.36→	JUN	1.45	10.50 X	3.2	-2.3	7.2	13.0	20.4	16.6	10.1
NR	REIT OF CALIF	OC-RTCAL	719	10.29	1.67	JUN	1.83	17.00	0.0	6.3	9.3	9.8	65.2	17.8	12.2
NR	TERRYDALE RLTY#	OC-TRYLS	337	24.65	1.80	JUN	1.66	23.75	15.9	31.9	14.3	7.6	-3.7	6.7	8.0
NR	US EQUITY & MTG	OC-USEM	1079	2.44	1.10↑	JUL	1.20↑	8.50	0.0	0.0	7.1	12.9	248.4	49.2	9.2
1	HOTEL INVESTOR#	AS-HOT	1810	20.45	2.60↑	MAY	3.12	28.75 X	13.1	49.4	9.2	9.0	40.6	15.3	52.0
2	SANTA ANITA	OC-SAC0Z	2749	5.52	2.80	JUN	2.31	37.25 X	10.8	56.0	16.1	7.5	574.8	41.8	102.4
GROUP AVERAGE			1098	13.91	1.63		1.72	17.53	10.6	28.3	10.2	9.3	26.0	12.4	228.2
PROPERTY TRUSTS-SUBOR LAND LEASEBACK															
1	ICM REALTY	AS-ICM	3011	15.80	1.40	AUG	1.78	19.13	4.8	29.7	10.7	7.3	21.1	11.3	57.6
2	JMB REALTY	OC-JMBRS	510	21.73	2.25→	MAY	4.12	21.00 X	2.9	13.5	5.1	10.7	-3.4	19.0	10.7
1	PROPERTY CAPITL	AS-PCL	2065	13.77	1.60	JUL	5.13	24.50	3.7	54.3	4.8	6.5	77.9	37.3	50.6
GROUP AVERAGE			1862	17.10	1.75		3.68	21.54	5.0	31.5	5.9	8.1	26.0	21.5	118.9
PROPERTY & MTG COMBINATION															
3N	API TRUST	OC-APITS	1012	7.79	0.00	JUN	0.01	4.00	-5.9	52.1	400.0	0.0	-48.7	0.1	4.0
↑ 1	BANKAMER RLTY	NY-BRE	3571	17.64	1.60	JUL	1.44	25.00	6.4	37.0	17.4	6.4	41.7	8.2	89.3
3N	BRT REALTY	AS-BRT	1400	2.25	0.00	MAY	0.08	1.63	18.1	73.4	20.4	0.0	-27.6	3.6	2.3
1	CONN GENL M&R #	NY-CGM	5867	20.82	2.20→	JUN	2.63	29.38	14.1	25.7	11.2	7.5	41.1	12.6	172.4
1	HOSPITAL MTG #	AS-HMC	1178	23.96	0.60→	JUN	0.91↓	14.00	2.7	36.6	15.4	4.3	-41.6	3.8	16.5
1	IRT PROPERTY CO#	AS-IRT	2306	13.59	1.10	JUN	2.44	13.75	10.0	44.7	5.6	8.0	1.2	18.0	31.7
1	MORTGAGE GROWTH#	AS-MTG	2648	12.42	1.12	AUG	1.58	12.88 X	3.2	47.2	8.2	8.7	3.7	12.7	34.1
2	PROPTY TR AMER#	OC-PTRAS	2390	9.61	1.27	JUN	1.67	11.00	0.0	49.1	6.6	11.5	14.5	17.4	26.3
2	RLTY & MTG PAC	NY-RPC	2789	17.96	1.80	AUG	1.81	19.50 X	3.6	28.9	10.8	9.2	8.6	10.1	54.4
3	REALTY INCOME	AS-RIT	1591	9.42	0.80	JUL	-0.08	6.50	-14.8	-13.3	0.0	12.3	-31.0	-0.8	10.3
2	WELLS FARGO M&E	NY-WFM	3959	18.55	2.00	SEP	2.44↑	22.00	-0.6	55.7	9.0	9.1	18.6	13.2	87.1
2	WESTERN MTG	BO-WMTGS	1003	8.17	0.24→	AUG	0.19	4.50 X	7.3	33.1	23.7	5.3	-44.9	2.3	4.5
GROUP AVERAGE			2476	13.52	1.06		1.26	13.68	5.9	35.4	10.9	7.8	1.2	9.3	532.9
SHORT TERM MTG-MTG BANKER & MISC FIN SPONSOR															
2N	BAYSWATER RLTY	OC-BRITS	1043	20.54	0.00	APR	4.89	11.25	4.7	21.6	2.3	0.0	-45.2	23.8	11.7
2N	CENTRAL MTG&RLY	OC-CMRTS	775	14.89	0.00	JUN	1.63	12.50	0.0	28.2	7.7	0.0	-16.1	10.9	9.7
NR	CONSOL CAP INCO	OC-CCITS	4008	22.74	2.64	JUN	3.51	25.00 X	0.4	-2.0	7.1	10.6	9.9	15.4	100.2
NR	DEL-VAL FINCL	OC-DVALS	1345	9.19	1.50	JUN	1.26	10.75 X	-1.1	4.9	8.5	14.0	17.0	13.7	14.5
2	EQUIT LF MTG&RL	NY-EQ	5663	22.93	1.40→	JUL	1.18	13.38 X	-3.6	-9.3	11.3	10.5	-41.6	5.1	75.8
3	FIRST CONTRL RE	OC-FCRES	2106	10.48	1.22	AUG	1.17	8.75	-2.8	16.7	7.5	13.9	-16.5	11.2	18.4
3	FRASER MTG	OC-FRASS	1038	16.24	1.04→	MAY	0.77	9.00 X	-5.0	-2.7	11.7	11.6	-44.6	4.7	9.3
2	LOMAS & NET MTG	NY-LOM	3700	27.91	2.42↑	SEP	2.42↑	21.00 X	14.0	9.1	8.7	11.5	-24.8	8.7	77.7
2	M&T MORTGAGE	OC-MTMIS	1707	10.94	1.83	AUG	1.86	13.50 X	2.3	11.3	7.3	13.6	23.4	17.0	23.0
1N	MTG TRUST AMER	NY-MT	3993	14.30	0.00	AUG	0.78↓	10.50	0.0	47.3	13.5	0.0	-26.6	5.5	41.9
3	NATIONWIDE RE	OC-NRELS	1047	24.55	0.82	JUN	0.79	16.25	-1.5	18.2	20.6	5.0	-33.8	3.2	17.0
GROUP AVERAGE			2402	17.70	1.17		1.84	13.81	1.7	9.7	7.5	8.5	-22.0	10.4	399.2
LONG-TERM MTGS & PROPERTIES															
1	MASSMUTUAL MTG	NY-MML	4670	19.92	1.60	JUL	1.64	14.25	3.6	21.3	8.7	11.2	-28.5	8.2	66.5
2	MONEY MTG INV	NY-MYM	8956	9.79	0.92	AUG	1.02	8.38 X	-0.2	9.8	8.2	11.0	-14.4	10.4	75.1
3	NW MUT LIFE MTG	NY-NML	4758	19.11	1.12	SEP	0.77↓	11.00 X	7.4	22.2	14.3	10.2	-42.4	4.0	52.3
1	PACIF SOTHERN MT	OC-PSMTS	800	12.02	1.33	JUN	1.32	7.75	-8.8	-3.1	5.9	17.2	-35.5	11.0	6.2
3	PNB MTG & RLTY	NY-PNI	4771	16.73	1.28	JUN	0.34	11.75 X	5.0	30.6	34.6	10.9	-29.8	2.0	56.1
2	REALTY REFUND	NY-RRF	1377	17.27	1.23	JUL	1.23	9.50	-2.6	-8.5	7.7	12.9	-45.0	7.1	13.1
2	UNITED RLTY IN	AS-URT	3610	17.63	1.16↑	AUG	1.06→	12.50 X	1.3	28.2	11.8	9.3	-29.1	6.0	45.1
NR	US MUTUAL RE	OC-USMRS	2619	8.62	1.20	JUL	1.20	9.00	0.0	0.0	7.5	13.3	4.4	13.9	23.6
GROUP AVERAGE			3945	15.14	1.23		1.07	10.52	2.3	12.9	9.8	11.7	-30.5	7.1	338.0
MTG & FORECLOSED PROPERTY-MISC SPONSOR															
2N Y	CMT INVESTMT TR	OC-CMTIS	2032	3.34	0.00	JUN	0.38	6.00	4.3	268.1	15.8	0.0	79.6	11.4	12.2
3N	HEITMAN MTG INV	AS-HTM	3292	1.70	0.00	JUN	0.31	2.38	0.0	26.6	7.7	0.0	40.0	18.2	7.8
GROUP AVERAGE			2662	2.52	0.00		0.35	4.19	3.1	138.7	12.1	0.0	66.3	13.7	20.0



RELATIVE APPEAL	EXCH/ SYMBOL	ARE (000)	BOOK VALUE (MOST QUALIFIED)	ANN DIV MON	-EARNINGS-- ANN MON	LAST PRICE	% CHANGE MON AGO	FROM- JAN 1	P/F RATIO	ANN YIELD	% PR TO RK	RETURN ON RK	MKT VA (MIL\$)	
4N	AMER REALTY	2222	3.51	0.00	JUN	0.36	5.00	0.0	73.6	13.9	0.0	42.5	10.3	11.1
2N	BAY FINCL CORP	3334	6.93	0.00	AUG	0.61	8.63	15.1	30.2	14.1	0.0	24.5	8.8	28.8
3	CITIZENS GROWTH	801	8.75	0.20	JUL	1.94	5.25	2.3	61.5	2.7	3.8	-40.0	22.2	4.2
2	FRANKLIN RLTY	1054	8.95	0.40	JUN	0.29	24.25	0.0	106.4	83.6	1.6	170.9	3.2	25.6
2N	INDIANA FCL INV	1154	8.45	0.00	JUN	-0.74	4.38	6.1	34.8	0.0	0.0	-48.2	-8.8	5.1
2	KENILWORTH RLTY	2683	23.49	6.00	FEB	2.40	39.50	1.3	36.8	16.5	15.2	68.2	10.2	106.0
2	SAUL (BF) REIT	5893	4.78	0.05	JUN	0.51	9.75 X	-2.0	34.5	19.1	0.5	104.0	10.7	57.5
2	US REALTY INV	3406	15.01	0.20	JUN	0.67	14.88	11.2	67.6	22.2	1.3	-0.9	4.5	50.7
1N	WALTER REALTY	1035	8.03	0.00	JUL	0.10	6.75	3.8	31.6	67.5	0.0	-15.9	1.2	7.0
2	WISCONSIN REIT	1514	6.13	0.10	JUN	0.82	5.00	-2.5	17.6	6.1	2.0	-18.4	13.4	7.6
GROUP AVERAGE		2310	9.40	0.70		0.70	12.34	3.2	50.2	17.7	5.6	31.2	7.4	303.6
MTG & FORECLOSED PROP-NON-QUALIFIED-INDEPENDENT MGMT														
2N	ANRET INC	509	19.66	0.00	MAY	-2.55	9.75	2.6	-6.1	0.0	0.0	-50.4	-13.0	5.0
4N	BUILD INV GRP	2844	1.69	0.00	JUN	1.33	2.75	-4.5	15.5	2.1	0.0	62.7	78.7	7.8
3	CI MTG GROUP	4812	8.68	0.00	JUL	1.83	7.38	23.0	5.4	4.0	0.0	-15.0	21.1	35.5
5N	VJCITIZENS MTG	1421	-13.29	0.00	JUN	0.76	0.13	0.0	-48.0	0.2	0.0	-0.0	-0.0	0.2
1N	COMPASS INV GP	10371	2.24	0.00	JUN	-0.06	1.63	-13.3	8.7	0.0	0.0	-27.2	-2.7	16.9
4N	VCONCONTINENTAL MTC	20838	-1.33	0.00	MAR	0.06	0.43	-4.4	22.9	7.2	0.0	-0.0	-0.0	9.0
2N	DMG INC	7226	7.83	0.00	JUN	-0.29	4.13	-5.7	-13.1	0.0	0.0	-47.3	-3.7	30.3
3N	Y DOMINION MGR	3314	1.11	0.00	AUG	1.05	3.50	-3.6	86.2	3.3	0.0	215.3	94.6	11.6
1N	EASTOVER CORP	1034	17.44	0.00	JUN	4.27	15.50	3.3	19.2	3.6	0.0	-11.1	24.5	16.0
1N	FCI INVESTORS	1927	8.33	0.00	AUG	-0.04	6.00	0.0	45.3	0.0	0.0	-28.0	-0.5	11.6
2	FIRST CARO INV	1510	14.81	0.10	JUN	0.27	9.25 X	-1.6	42.3	34.3	1.1	-37.5	1.8	14.0
2N	FIRST NEWPT CP	2342	3.66	0.00	JUL	0.59	4.13	0.0	93.9	7.0	0.0	12.8	16.1	9.7
2N	GREAT AMER M&I	7372	1.46	0.00	JUL	0.12	8.50	17.2	161.5	70.8	0.0	482.2	8.2	62.7
2N	GROWTH REALTY	2065	7.39	0.00	JUN	0.57	6.00	4.3	6.6	10.5	0.0	-18.8	7.7	12.4
2N	GUARDIAN MTG	19010	-0.03	0.00	AUG	3.15	1.00	13.6	0.0	0.3	0.0	-0.0	-0.0	19.0
3N	HAMILTON INV TR	2175	4.88	0.00	JUN	-0.47	6.13	25.6	122.9	0.0	0.0	-25.6	-9.6	13.3
3N	HANOVER SQ RLTY	946	11.38	0.00	MAY	0.19	6.50	-7.1	6.0	34.2	0.0	-42.9	1.7	6.1
3N	HOMAC-BARNES	1908	8.47	0.00	JUN	-0.55	2.25	-30.8	19.7	0.0	0.0	-73.4	-6.5	4.3
3N	INSTANTANAL INV	6798	0.11	0.00	APR	-1.36	1.75	0.0	26.8	0.0	0.0	1490.9	-1236.4	11.9
2N	KENTUCKY PROPTY	1100	3.20	0.00	MAY	-0.03	2.00	0.0	6.4	0.0	0.0	-37.5	-0.9	2.2
2N	LIFETIME COMMUN	6765	3.41	0.00	JUL	0.34	2.00	44.9	100.0	5.9	0.0	-41.3	10.0	13.5
2N	LINCOLN MTG	1155	2.31	0.00	JUN	1.87	2.75	0.0	-18.6	1.5	0.0	19.0	81.0	3.2
1N	MARYLAND REALTY	1786	4.54	0.00	AUG	-0.40	2.38	0.0	-17.4	0.0	0.0	-47.6	-8.8	4.3
3N	Y METROPLEX RLTY	11840	1.03	0.00	JUN	0.32	0.56	47.4	12.0	1.8	0.0	-45.6	31.1	6.6
2N	MIDLAND MTC	2382	2.01	0.00	JUN	1.88	3.75	3.3	-3.4	2.0	0.0	86.6	93.5	8.9
1N	MISSION INV TR	1812	7.09	0.00	AUG	1.82	5.75	-2.2	-4.2	3.2	0.0	-18.9	25.7	10.4
1N	MORAGA CORP	1355	8.03	0.00	APR	0.11	9.00	4.3	46.8	81.8	0.0	12.1	1.4	12.2
4N	MTG INV WASH	2146	4.44	0.00	JUN	0.63	3.25	0.0	36.6	5.2	0.0	-26.8	14.2	7.0
4N	NATIONAL MTG	3707	2.23	0.00	MAY	0.05	1.13	0.0	54.8	22.6	0.0	-49.3	2.2	4.2
5N	NOVA REIT	1208	7.93	0.00	JUN	-0.03	1.75	0.0	-37.7	0.0	0.0	-77.9	-0.4	2.1
1N	PARKWAY COMPANY	1055	8.28	0.00	JUN	0.28	8.13	1.6	62.6	29.0	0.0	-1.8	3.4	8.6
4N	PLAZA REALTY	1114	0.09	0.00	JUN	-0.59	1.38	-21.1	22.1	0.0	0.0	1433.3	-655.6	1.5
3N	REPUBLIC MTG	2107	4.43	0.00	JUN	1.53	3.88	3.5	121.7	2.5	0.0	-12.4	34.5	8.2
2N	SO ATLANTIC FIN	2706	3.20	0.00	JUL	-0.70	3.63	-3.2	7.4	0.0	0.0	13.4	-21.9	9.8
3N	SOUTHWARK PROP	6851	2.27	0.00	JUN	0.16	3.88	41.1	158.7	24.3	0.0	70.9	7.0	26.6
1N	TIERCO	2363	9.72	0.00	JUN	0.88	4.75	-2.7	26.7	5.4	0.0	-51.1	9.1	11.2
2N	TOWERMARC	1156	7.56	0.00	MAY	0.01	5.00	8.0	14.2	500.0	0.0	-33.9	0.1	5.8
2N	TRECO INC	2451	1.60	0.00	JUN	0.26	1.88	25.3	20.5	7.2	0.0	17.5	16.3	4.6
2N	TRI-SOUTH INV	3043	6.28	0.00	JUN	0.95	3.50	11.8	11.8	3.7	0.0	-44.3	15.1	10.7
4N	TRITON GROUP	18568	-0.77	0.00	AUG	0.86	0.81	28.6	52.8	0.1	0.0	-0.0	-0.0	15.0
4N	UMET TRUST	2109	1.52	0.00	AUG	1.76	4.25	21.4	61.6	2.4	0.0	179.6	115.8	9.0
2N	YQUEST TRUST	1860	5.52	0.00	AUG	-0.48	4.75	8.4	-5.0	0.0	0.0	-13.9	-8.7	8.8
2N	WASHINGTON CP	1675	0.13	0.00	JUN	0.70	1.56	0.0	4.0	2.2	0.0	1100.0	538.5	2.6
2N	WESTPORT COMPANY	2388	6.07	0.00	JUL	1.56	6.38	-3.8	88.8	4.1	0.0	5.1	25.7	15.2
GROUP AVERAGE		4278	4.67	0.00		0.69	4.15	3.7	26.0	6.0	0.1	-11.2	14.9	526.3
MTG & FORECLOSED PROP-NON-QUALIFIED-COML BANK SPONSOR														
3N	AM FLETCHER MTC	1352	2.28	0.00	JUL	0.99	3.25	-7.1	81.6	3.3	0.0	42.5	43.4	4.4
3N	BT MTG INVSTRS	2116	0.88	0.00	JUN	-0.25	3.13	25.2	66.5	0.0	0.0	255.7	-28.4	6.6
2N	CAMERON-BROWN	2016	9.37	0.00	JUN	-0.22	7.13	-3.4	72.6	0.0	0.0	-23.9	-2.3	14.4
NR	CITINATL DEV	600	13.48	0.00	JUN	0.24	9.63	1.4	5.5	40.1	0.0	-28.6	1.8	5.8
1	CLEVELAND RLTY	2525	10.61	0.28	JUN	0.09	12.63	8.6	63.0	140.3	2.2	19.0	0.8	31.9
1N	FIRST DENVR MTG	1621	5.36	0.00	JUN	-2.15	3.25	-5.5	44.4	0.0	0.0	-39.4	-40.1	5.3
4N	FIRST PENN MTG	2961	0.22	0.00	JUL	-1.05	1.50	0.0	0.0	0.0	0.0	581.8	-477.3	4.4
4N	FIRST WISC MTC	1989	5.40	0.00	JUN	-0.04	14.00	8.7	124.0	0.0	0.0	159.3	-0.7	27.8
4N	INDEPENDENCE CO	2625	3.61	0.00	MAR	7.35	4.50	0.0	30.8	0.6	0.0	24.7	203.6	11.8
2N	WACHOVIA RLTY	3335	9.56	0.00	AUG	0.68	6.63	2.0	29.2	9.8	0.0	-30.6	7.1	22.1
GROUP AVERAGE		2114	6.08	0.03		0.56	6.57	3.8	51.8	11.6	0.4	8.0	9.3	134.5
MTG & FORECLOSED PROP-NON-QUALIFIED-MISC FIN SPONSORS														
3N	AMER CENTURY TR	2607	9.05	0.00	JUN	3.63	7.50	-7.7	30.4	2.1	0.0	-17.1	40.1	12.9
2N	GMR PROPERTIES	2957	2.30	0.00	AUG	-0.16	3.00	9.1	40.8	0.0	0.0	30.4	-7.0	8.9
3N	NORTH AMER MTG	6901	5.45	0.00	SEP	-0.13	4.75	2.6	26.7	0.0	0.0	-12.8	-2.4	32.8
1N	SECURITY CAPTL	7417	6.34	0.00	JUN	0.39	4.00	0.0	0.0	10.3	0.0	-36.9	6.2	29.7
2N	STATE MUTUAL IN	5538	7.06	0.00	JUL	0.24	5.38	0.0	13.3	22.4	0.0	-23.8	3.4	29.8
GROUP AVERAGE		5084	6.04	0.00		0.79	4.93	-1.0	20.9	6.2	0.0	-18.4	13.1	120.8
PREFERRED STOCK & REIT FUNDS														
NR	CMT INV TR-PFD	2147	7.501	0.00	JUN	0.38	6.00	6.6	219.1	15.8	0.0	-20.0	5.1	12.9
NR	CYPRUS CORP	1425	0.63N	0.00	OCT	0.00	2.00	-11.1	-27.3	0.0	0.0	217.5	0.0	2.9
NR	CYPRUS-PFD	660	21.15C	1.70	---	0.00	14.13	0.0	3.7	0.0	12.0	-33.2	0.0	9.3
NR	RET INCOME	3794	4.51N	0.00	JUN	0.35	5.00	-4.8	28.9	14.3	0.0	10.9	7.8	19.0
NR	RET-54.38 PFD	575	51.63C	4.38	---	0.00	44.50	-1.1	0.0	0.0	9.8	-13.8	0.0	25.6
NR	TRECO-PFD A I	523	1.00L	0.00	---	0.00	0.75	0.0	0.0	0.0	0.0	-25.0	0.0	0.4
NR	TRECO-PFD A II	260	1.00L	0.00	---	0.00	0.13	0.0	-48.0	0.0	0.0	-87.0	0.0	0.0
NR	TRITON-PFD A	1758	30.75L	0.00	---	0.00	18.75	50.0	29.3	0.0	0.0	-39.0	0.0	33.0
GROUP AVERAGE		1793	14.77	0.76		0.09	11.41	8.3	11.1	125.0	6.7	-22.8	0.6	103.1

FOR QUALIFIED TRUSTS, ARROWS DENOTE COMPARISON ON OPERATING INCOME FOR YEAR-AGO QUARTER: SALE GAINS AND EXTRA ITEMS INCLUDED IN TRAILING 12 MONTHS. NON-QUALIFIED TRUSTS AND CORPORATIONS COMPARISONS INCLUDE ALL SALE GAINS AND EXTRA ITEMS. \* GROSS CASH FLOW. # NET CASH FLOW, SEE P. 6. TRUSTS REPORTED ON A CASH FLOW BASIS AND DENOTED WITH "H" OR "M".

"A" SYMBOL: BOOK VALUE INCLUDES ACCUMULATED DEPRECIATION. ARROWS DENOTE NEW EARNINGS OR DIVIDENDS AND DIRECTION. -0.0 IN % PRICE TO BOOK INDICATES NEGATIVE BOOK VALUE. BID PRICES SHOWN FOR ALL OVER THE COUNTER STOCKS. PH-PHILADELPHIA EXCHANGE. BO-BOSTON EXCHANGE. PS-PACIFIC EXCHANGE. NR-NOT RANKED. VJ-IN BANKRUPTCY REORGANIZATION. TRAILING 12 MONTHS DIVIDENDS FOR REIT OF CALIFORNIA, USP REIT, AMERICAN EQUITY, REALTY REFUND, NATIONWIDE, PROPERTY CAPITAL, LOMAS & NETTLETON, US EQUITY & MTC, WISCONSIN REIT, PACIFIC SOUTHERN MTC, PROPERTY TRUST AMERICA.

HOSPITAL MORTGAGE E

## CONVERTIBLE DEBENTURES

DEBENTURE	EX	INT (%)	MAT	MIL \$ OUT	CONV AT RESERV	SH(000)	RECENT PRICE	YIELD (%)	% CHNG	CONV PARITY	STOCK PRICE
ALAMAND CORP	OC	6.50	'91F	9.04	27.75	325	52.00	12.5	0.0	14.43	9.00
AMER CENTURY AS	7.00	'90	2.40	17.12	140	62.63	11.2	-0.7	10.72	7.50	
AMER CENTY'S NY	6.75	'91	9.81	23.86	411	61.00	11.1	-1.5	14.55	7.50	
AMER REALTY OC	7.00	'84F	1.48	10.40	142	75.00	DEF	0.0	7.80	5.00	
BANKAMERICA OC	6.75	'90	4.25	21.00	202	115.00	5.9	7.5	24.15	25.00	
BAYSWATER OC	6.75	'91	3.92	21.00	186	65.00	10.4	8.3	13.65	11.25	
CONN GENERAL NY	6.00	'96	68.01	32.50	2092	84.75	7.1	6.6	27.54	29.38	
CONTINL MTG OC	6.25	'90	40.38	19.79	2040	56.50	VJ	8.7	11.18	0.43	
EQUITBL LF M NY	6.75	'90	5.00	26.25	190	83.00	8.1	5.1	21.78	13.38	
FIRST NEWPRC OC	6.75	'91F	3.04	27.50	110	48.00	14.1	0.0	13.20	4.13	
FIRST PENN M OC	6.75	'91F	7.33	8.65	847	48.00	14.1	2.1	4.15	1.50	
FIRST UNION NY	8.75	'99	35.00	18.00	1944	123.25	7.1	6.3	22.18	23.38	
HANOVER SQ R AS	7.25	'92	4.52	21.00	215	63.50	11.4	0.8	13.33	6.50	
HEITMAN MTG AS	7.50	'92	7.33	14.70	498	57.00	13.2	-3.3	8.37	2.38	
HOTEL INVSTR OC	7.75	'90	2.70	21.00	128	132.00	5.9	9.1	27.72	28.75	
HOTEL INVTRS OC	7.50	'91	9.01	25.25	356	108.00	6.9	10.2	27.27	28.75	
LINCOLN MTG OC	8.00	'90	10.32	11.00	938	60.00	13.3	0.0	6.60	2.75	
MASSMUTL MTG NY	6.75	'90	4.74	21.00	225	71.00	9.5	-2.0	14.91	14.25	
MASSMUTUAL M NY	6.25	'91	41.07	33.50	1226	63.50	9.8	0.0	21.27	14.25	
MIDLAND MTG OC	7.00	'86	4.25	16.67	255	63.00	11.1	-1.5	10.50	3.75	
MONY MTG IN NY	7.00	'90	6.09	11.00	554	83.13	8.4	-1.5	9.14	8.38	
MTG INV WASH OC	8.00	'90	2.32	15.00	155	65.00	12.3	0.0	13.02	11.00	
NEWSTRN MUTL NY	6.00	'91	2.77	21.00	132	62.00	9.7	-1.5	13.02	11.00	
PAC REAL TR AS	7.00	'92	3.88	26.25	148	104.13	6.7	-3.5	27.33	27.75	
PNB MTG AS	6.75	'91	3.24	20.00	162	67.25	10.0	3.5	13.45	11.75	
PNB MTG & RL NY	6.75	'82	17.50	20.00	875	90.00	7.5	-0.3	18.00	11.75	
RAM PACIFIC NY	6.75	'91	10.19	21.00	485	87.25	7.7	9.1	18.32	19.50	
REALTY INCOM AS	8.00	'91	15.19	18.00	844	65.13	12.3	0.0	11.72	6.50	
REPUBLIC MI NY	9.00	'90F	2.26	19.00	1320	67.50	9.6	-0.6	15.52	9.75	
SAUL (BF) RL OC	6.50	'91	30.38	13.00	469	81.00	9.9	-1.1	12.55	9.75	
SAUL (BF) REI OC	8.00	'90	7.28	15.50	844	65.13	12.3	0.0	11.72	6.50	
STATE MUTUAL AS	6.75	'91	1.29	21.00	61	70.13	9.6	3.1	14.72	5.38	
TRECO OC	8.50	'98	9.40	1.62	5805	110.00	7.7	13.4	1.78	1.88	
TRI-SO / SR PH	10.00	'88	9.68	2.50	3874	137.00	7.3	9.6	3.42	3.50	
TRI-SOUTH MI NY	7.00	'92F	5.81	29.50	197	58.13	12.0	-1.4	17.14	3.50	
US REALTY IN NY	5.75	'89	8.84	20.20	437	78.00	7.4	6.1	15.75	14.88	
WASH CORP OC	6.50	'91	12.26	33.00	371	43.00	15.1	0.0	14.19	1.56	
WESTPORT CO OC	6.75	'92	2.32	21.00	110	50.00	13.5	6.4	10.50	6.38	

## STRAIGHT BONDS

ISSUER & DESC.	EX	INT.	MATURITY	MIL \$	PRICE	% CHANGE	% YIELD
BAY COLONY PROP-B	PS	8.50	3/15/89	16.4	68.00	-1.3	12
BAY COLONY PROP-C	NY	8.50	3/31/81F	6.8	96.13	0.0	8
BT MTG INV-C	OC	5.75	1/15/82	19.4	76.00	0.0	7
CITIZN & SO RLY-CD#	PS	3.00	6/30/93	2.4	75.00	0.0	4
CITIZNS MTG INV-B	OC	8.50	4/15/80	20.0	60.00	11.1	VJ
CHEL-C	NY	6.50	3/1/82F	30.0	77.50	-1.8	8
COMPASS INV-B	OC	16.25	9/30/94	4.4	98.00	0.0	16
CONN GENL M&R	NY	11.50	7/15/90	50.0	90.75	-0.2	12
EQUIT LF MT-H	NY	10.20	9/1/87	50.0	90.50	0.0	11
FIRST MTG INV-A	OC	6.75	12/1/82	6.3	86.00	6.2	7
FIRST VA MTG-A	OC	4.00	11/1/80	14.9	65.00	8.3	6
FIRST VA MTG-BM	OC	12.00	11/1/80	5.0	55.00	22.2	21
GMR PROPS-B	PS	8.50	12/3/87	15.3	68.00	-1.3	12
GREAT AMER MGMT-B	OC	3.00	8/1/90	15.0	46.00	2.2	6
GREAT AMER MGMT-C	OC	1.10	8/1/91	1.3	38.00	0.0	2
GREAT AMER MGMT-E	OC	1.10	8/1/91	6.5	42.00	5.0	2
GROWTH RLTY-C	NY	6.75	4/15/82	9.2	84.13	-0.9	8
INST INVESTOR-B	OC	8.25	2/1/87	15.2	61.00	0.0	13
MTG INV WASH-BG	OC	12.00	11/1/80	15.0	94.00	2.2	12
NATIONWIDE RE-C	OC	7.00	1/1/91	6.5	61.00	0.0	11
NO AMER MTG-B	PS	8.50	11/1/87	12.1	65.00	-13.2	13
NO MUT LF MTG	OC	14.00	1/1/88	15.0	NQ	0.0	--
REALTY REFUND	NY	11.38	11/1/98	20.0	78.25	-4.5	14
REALTY REFUND-C	NY	12.00	5/15/98	15.0	75.25	-12.1	15
SECURITY MTG-C	OC	6.00	6/15/82	4.7	84.00	0.0	7
SHI INV (DEL)	AS	7.25	5/1/82	18.5	91.88	1.8	7
SO ATLANTIC-C#	NY	6.75	2/15/82F	16.9	84.13	-0.9	8
STATE MUT INV-B	NY	9.00	11/1/80F	6.2	101.50	0.5	8
TRECO-C	OC	6.75	9/1/91	5.3	48.00	0.0	14

DESCRIPTION: A-SENIOR; B-SENIOR SUBORDINATE; C-SUBORDINATE OR JUNIOR SUBORDINATE. D-3% TO 9/30/82, 7% AFTER. M-VARIABLE AT 1 1/2% OVER MONTHLY PRIME. G-VARIABLE AT 1 1/4% OVER PRIME IN OCT. AND APRIL. H-VARIABLE RATE IN MAR. AND SEPT.; CONVERT INTO 9% DEBENTURE TO 9/1/86. VJ-BANKRUPTCY REORGANIZATION. X-SUSPENDED BY EXCHANGE. DEF-IN DEFAULT. #MAY BE USED AT PAR TO EXERCISE WARRANTS. F-TRADES FLAT, WITHOUT ACCRUED INTEREST. NQ-NO QUOTE.

CONVERSION PARITY IS PRICE AT WHICH SHARES WOULD HAVE TO SELL TO JUSTIFY DEBENTURE PRICE. VJ=IN BANKRUPTCY REORGANIZATION. F=TRADES FLAT, WITHOUT ACCRUED INTEREST. DEF=IN DEFAULT. PH-PHILADELPHIA EXCHANGE. PS=PACIFIC EXCHANGE. ALAMAND CONVERTS INTO SHARES OF MORAGA CORP.

## WARRANTS

## HOW TO USE COMPARATIVE TRUST STATISTICS

NAME	EXCH/ SYMBOL	EXP DATE	OUT (000)	EXER PRICE	NO. SH.	WTS PRICE	STK PRICE	CONV PREM	% CHG	MKT VA (MIL\$)
FLATLEY RLTY	O-FLTLW	5/30/81	1000	10.00	1.0	0.25	7.50	36.7	0.0	0.3
HOMAC-BARNES	O-HMCW	12/31/82	1910	20.00	1.0	0.01	2.25	789.3	-49.9	0.0
JMB REALTY	O-JMBRW	8/15/82	510	20.00	1.0	2.75	21.00	8.3	22.2	1.4
PNB MTG(B)	A-PNLWB	6/1/82	700	20.00	1.0	0.81	11.75	77.1	8.0	0.6
SAN FRAN REI	A-SFIW	12/31/80	1348	25.00	1.0	3.50	27.75	2.7	3.6	4.7
SOUTHWARK-B*	PS-N/A	3/31/83	208	2.00	50.0	45.00	3.88	-25.2	-4.2	9.4

\*DEBENTURES USABLE IN LIEU OF CASH.

WARRANTS PRICE OF .01 INDICATES TRADING IN MILLS.

NOTE: BUYERS ARE CAUTIONED THAT SPREADS BETWEEN BID AND ASKED PRICES FOR WARRANTS ARE VERY LARGE AND PRICES MAY VARY SIGNIFICANTLY.

These data are designed to facilitate comparison of qualified real estate investment trusts, displayed on page 4, and formerly qualified trusts and corporations, displayed on page 5. Only historical data, or annualizations of latest quarterly data, are used and thus results should not be read as estimates or projections. Investors are advised to consider carefully the following distinctive characteristics of REIT stocks compared with other industrial or financial securities:

**Annualized Dividend and Yield:** Most qualified REITs do not pay a posted regular annual dividend rate but instead pay their approximate earnings (or net cash flow) for each quarter. They do this because REITs are required to pay 90% (95% beginning 1980) of earnings to shareholders in order to qualify for exemption from Federal income taxes. This means that REIT dividends will vary from quarter to quarter much more than for industrial companies; The Wall Street Journal recognizes this variability by reporting most REIT dividends separately. The outlook and stability of dividends are thus key factors in REIT's RELATIVE APPEAL RANKINGS. The "Annualized Dividend" column is the latest quarterly payout annualized by multiplying by four, and adjusting for any capital gains or special payouts. Special dividends, marked "S", are paid to maintain tax exemption but are not expected to continue in subsequent quarters. For these reasons annualized dividends and yield are not to be considered in any way as posted or guaranteed yields.

## Earnings and Price/Earnings Ratio:

For all the trusts and former trusts, earnings show are the latest twelve months' earnings. Non-recurring items such as asset swap gains, reversals of loss

reserves, etc., are included in comparisons for nonqualified mortgage trusts, but are not included in comparisons for qualified trusts.

For property or equity trusts, 12 months' net cash flow as calculated by Audit Investment Research, Inc. is used in place of earnings if the trust uses cash flow as the basis for dividend payments. Net cash flow is defined as net income plus depreciation minus mortgage amortization, and net cash flow trusts are designated with the symbol "H" beside their names. For a few trusts, gross cash flow (i.e., net income plus depreciation) is used and is denoted as "\*". Both earnings (EPS) and net cash flow (CFS) per share for these equity trusts are shown in RELATIVE APPEAL RANKINGS.

Book value per share is essentially tang-

ible net worth per share after deducting intangible items such as unamortized debt discount and expenses, goodwill, etc. Book value does not reflect any appreciation in asset values but does reflect deduction of a reserve for possible investment losses computed under AICPA rules. Accumulated depreciation is added back to net book value for cash flow trusts (denoted "H" - see above) as a means of approximating market value of properties. Components of this adjusted book value are reported in RELATIVE APPEAL RANKINGS.

Shares used in the statistics are the actual number of shares outstanding as of the latest balance sheet date and do not reflect potential dilution from debenture conversion, warrant exercise, or other common equivalent shares which may have been used in computing earnings per share.



## REITS MAKING CURRENT VALUE ESTIMATES - Dollars per share

Trust & date	Listed	Net book Value	Accum. Depre.	Adjust. Book Val.	Current Mkt.Val.	Price 10/21
Amer. Realty-5/80... OTC		\$3.42	\$4.06	\$7.48	\$20.00	\$5.00
BankAmer. Rlty.-7/80..NYSE		17.64	1.38	19.02	39.50	25.00
Conn.Gen.M&R-3/80....NYSE		18.55	2.27	20.82#	27.27a	29.38
Denver REIA-12/79....OTC		8.27	9.87	18.14#	30.00	33.68b
First Union RE-6/80..NYSE		9.92	7.32	17.24#	28.86	23.38
Franklin Rlty.-4/80..ASE		8.95	11.63	20.58	28.67	24.25
Great Amer. M&I-4/79.OTC		6.62c	0.89	7.51	7.51*	8.50
Growth Realty-6/79...NYSE		7.39	0.25	7.64	E14.00	6.00
New Plan Rlty.-7/79..ASE		4.19	2.34	6.53#	16.00	12.25
Pacific Rlty.-5/80...ASE		18.22	5.02	23.64#	35.26	27.75
Property Cap.-7/79...ASE		13.77	---	13.77	23.62e	24.50
Saul (B.F.)-9/79.....NYSE		4.78	3.88	8.66	13.00	9.75
TIERCO-12/79.....OTC		9.75	0.54	10.29	10.29*	4.75
U.S. Realty-6/80.....NYSE		4.08	10.74	15.01#	18.75-20.25	14.88
University REIT-6/79.OTC		7.39	1.66	9.05#	11.34	13.50
Virginia REIT-12/79..OTC		8.40	6.56	14.96#	21.25b	19.88
Wells Fargo M&E-6/80..NYSE		18.55	1.43	19.98	27.08	22.00

General note: All market valuations contained in shareholders' letter, press releases, etc. except University REIT, which includes in balance sheet.

# Adjusted book value (net book plus depreciation) used in Audit Investment's statistical services; adjustment made when net cash flow constitutes major part of the return; net book value alone used for all other stocks.

\* Market valuations made as part of reorganizations and/or mergers.

a-Historical 1980 constant dollar equivalent and not appraisal (ConnGen).

b-Asset purchase proposals pending: Denver REIA, one at \$34, one at \$36; Virginia REIT, \$21.25.

c-Net book includes \$5.15/sh. unamortized debt discount (Great Am.).

e-Value estimate as of 7/79; Prop. Cap. declined to re-evaluate at 7/80 FY.

(Cont'd from p. 2)

trusts on the list. BankAmerica Realty goes to a No. 1, for its discount from what we believe is a conservative estimation of current market value of assets. Nearly half of the trust's portfolio is now in equities, including substantial holdings of land purchase leasebacks, and its offering of \$40 million of convertible subordinated debentures will enable it to eliminate a major portion of its floating rate debt.

The other ranking change is American Realty, which we are raising to a No. 4N; still highly speculative, it has demon-

strated some ability to sell its assets to capture appreciation and augment book value.

FIVE RECOVERY SPECULATIONS: THREE FOR PURCHASE, TWO HIGH-RISK PLAYS

The argument can be made that some of the best bargains left of the realty trusts are some of the formerly deeply troubled trusts which are now firmly on the road to recovery but which still suffer from some residual investor wariness. Four of the five trusts reviewed here are now in reorganization; the fifth has been engaged in highly publicized

You may obtain a copy of Audit President Kenneth D. Campbell's talk to the Tsai Forum October 17 by sending a self-addressed, stamped (28¢) envelope to our office. The topic was, "Can the REITs Resist Liquidation?"

litigation with its sponsor since 1975.

Vyquest Trust (4-3/4 bid, OTC), the former NJB Prime Investors, emerged from bankruptcy in March, 1979, swapping 49 assets carried at \$27.5 million to its banks for cancellation of \$43.2 million debt, and paying off its debentures with cash, shares and new debt.

The former sponsor, Prime Motor Inns, with which Vyquest owned three motor inns and which owns two motor inns on land owned by the trust, proposed merging with Vyquest. In December, 1979, the two entities agreed to a merger which gave a value to trust shares of between \$7.50 to \$7.90. Prime terminated the agreement in April, 1980.

Vyquest has now completed another transaction with Prime and a broker, M.J. Whitman & Co. which resulted in the sale of the trust's interests in the three motels to Prime for \$1 million cash and certain undertakings, plus the transfer of Prime's holding of an 8.1% in the trust to the broker. Vyquest chairman and president Brian Vesley then purchased 50,000 of the shares at \$5.50/each. Profit to the trust on the transaction totaled \$600,000, or 32¢/share.

Vyquest's remaining holdings now consist of four land purchase leasebacks, on two apartment projects, in Iowa and Florida, and on two motels, in Miami and Hallandale, Fla., all earning and carried at \$2.6 million; five pieces of non-earning foreclosed properties carried at \$5.4 million, including motels in Arizona and Maryland and three land parcels; and \$6.3 million of mortgage loans, including a non-earning loan for \$2.0 million and a \$3 million loan carrying a stated rate of 4%, due in full in 2000.

But income from earning assets has been sufficient to keep Vyquest profitable in fiscal 1980, before the expenses of the aborted merger. The trust's \$4.2 million debt is all fixed rate, at an average rate of 7.9%. One of the leasebacks is beginning to generate overages, which flow to pretax income line of the

income statement; Vyquest has available \$9.14/share in taxloss carryforwards and has been looking to diversify.

At May 31, 1980, book value totaled \$5.46/share, after loss reserves totaling \$3.39/share and depreciation of 71¢/share. Earning status of the trust is proof against erosion in value, and both price set by aborted merger and price paid by Vesley for shares point to appreciation. The shares are an attractive speculation for new business lines and increased earnings; we have boosted their ranking to No. 2N.

Guardian Mortgage (1, PHSE) emerged from bankruptcy December, 1979. The plan left negative book value, but operating earnings have pared the deficit to 3¢/share. Guardian has \$109 million interest free bank debt due 1990; nearly \$1 million in excess of amortization requirements for the year ended February, 1981, has been paid.

With \$110 million net assets, about 67% land and development properties, Guardian is now mainly a builder and developer, with 62% of its assets located in Florida. Guardian is meeting key criterion of retiring debt, and earnings point to growth. We have raised the ranking on the shares to No. 2N.

We have also raised the ranking of First Wisconsin Mortgage (14 bid, OTC) to No. 2N, to reflect a \$21 million settlement in its lawsuit with First Wisconsin Corp., amounting to over \$10/share. Funds will be used to make prepayments on debt totaling \$36 million.

Two more risky recovery situations are Lifetime Communities (2 bid, OTC) raised to No. 3N as an acquisition candidate for \$9/share taxloss and 41% discount from book; and Triton Group, not recommended for purchase, but whose ranking has been raised to No. 4N to reflect reorganization.

News Note: No. 1-ranked Moraga Corp. has purchased City Investing Co.'s 24% interest in C.I. Mortgage for \$10 million, or \$9.69/share.